



**STATE OF WYOMING**  
**DEPARTMENT OF ADMINISTRATION**  
**AND INFORMATION**  
**Human Resources Division**

**Matthew H. Mead**  
Governor

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Director

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Administrator

TO: Agency Directors and HR  
FROM: David Urquidez, A&I Human Resource Administrator  
DATE: May 19, 2014  
SUBJECT: July 2014 Pay Increases

Governor Mead made employee compensation his number one priority in the FY15 budget. The State's investment in the Hay Plan was driven by the need for a system that addresses equitable compensation, can be easily understood and accepted as fair by employees, responds to the Legislature's need to anticipate demands on the budget and is comprehensive in nature. It is pivotal to make sure the State's work is well done, to retain a talented workforce and to focus on pay consistently over time.

The Executive Branch of state government will receive over \$6.5 million dollars (\$6,534,720) of general funds to address employee compensation. Based on the State of Wyoming Compensation Philosophy and the Governor's strong desire to develop a stronger link of pay with performance, the distribution will be through a merit and position in range matrix. This and our updated pay tables targeted a competitive level, maintain our relativity to market and accomplish multiple components of our compensation philosophy.

The updated market rates are on our web site at:

[http://wyoming.gov/loc/06012011\\_1/DOCS%20HR/Classification%20and%20Compensation/PayTablesAndAverageSalary/07012014ClassificationAndPayStructure.pdf](http://wyoming.gov/loc/06012011_1/DOCS%20HR/Classification%20and%20Compensation/PayTablesAndAverageSalary/07012014ClassificationAndPayStructure.pdf)

**Movement to Minimum of 2014 Pay Tables**

With the adjustment of the pay tables, there are a small number of employees whose current rate of pay falls below the minimum of the 2014 Pay Tables. These employees will receive a base pay increase to the new minimum before receiving the merit and position in range market adjustment.

**Position in Range Merit Matrix Market Adjustment**

Attached is a description of the Position in Range Merit Matrix that will be used for the July 2014 market adjustments. A&I HRD will be providing the actual percentages of adjustments along with a list of their employees on June 2, 2014.



Employees must meet the following criteria to be eligible for a position in range merit matrix market adjustment:

1. Employee must have a September 2013 performance evaluation that is not rated as “unsatisfactory” AND;
2. Salaries of employees who received an evaluation rating of “improvement and growth necessary” must be below the 50<sup>th</sup> Percentile or MPP of the pay range AND;
3. Employees must be employed on July 1, 2014.

**All adjustments will need to be manually entered into the payroll system by agency human resources. The transactions will be verified and approved by A&I HRD.**

#### **Transactional Order for July Payroll**

	<b>What</b>	<b>Who</b>	<b>Timing</b>
1 <sup>st</sup>	Movement to Minimum	Manually entered by Agency from spreadsheet provided by A&I HRD	June 26 <sup>th</sup>
2 <sup>nd</sup>	Position in Range Merit Matrix Market Adjustments	Input by agency HR approved by HRD	June 27 <sup>th</sup> thru July 8 <sup>th</sup> We will begin approvals as soon as we get the ESMTs – we will have them all complete by July 10 <sup>th</sup> .
3 <sup>rd</sup>	Normal July payroll (new hires, promotions, reclassifications, etc.)	Input by agency HR approved by HRD	You may begin entering as soon as <u>all</u> your agency market adjustments are verified by <u>HRD</u> and you receive an e-mail confirmation from HRD to proceed. A&I HRD will make every effort to complete this as quickly as possible so you have time to enter your normal July payroll actions.  We will begin approvals on regular payroll as soon as market adjustments for <u>all</u> agencies are complete.

#### **Time line for July 2014 Market Adjustments and Payroll Actions**

- May 19, 2014 - Freeze placed on pay actions of existing employees (promotions, reclassifications, transfers etc.) in order to use the May PAIL to calculate and generate the communications for the July 2014 Position in Range Merit Matrix.
- May 27<sup>th</sup> – June 2<sup>nd</sup>– A&I HRD Calculate Position in Range Matrix from May 2014 PAIL
- June 2<sup>nd</sup> - Prepare and send spreadsheets to agencies for market adjustments
- June 9<sup>th</sup> – Agency HR meeting, Herschler Bldg. Room 1699 2 – 4 p.m. to discuss and answer any questions from Agencies

### **Time line for July 2014 Market Adjustments and Payroll Actions Continued**

- June 23<sup>rd</sup> – Prepare and mail employee communications
- June 26<sup>th</sup> - Agencies enter ESMT for employees below Minimum
- June 27<sup>th</sup> - A&I HRD approves ESMT for employees below Minimum
- June 27<sup>th</sup> - July 8<sup>th</sup> - Agencies enter ESMT market adjustments into payroll.
- July 9<sup>th</sup> – 10<sup>th</sup> - A&I HRD completes approvals of market ESMT's.
- July 11<sup>th</sup> – 17<sup>th</sup> – Agency inputs regular July Payroll Actions
- July 17<sup>th</sup> – Final actions due to A&I HRD, Group Insurance and SAO.
- July 21<sup>st</sup> – Final ESMT's approved by A&I HRD
- July 24<sup>th</sup> – Noon – Payroll Run Starts

**Please contact Erin Williams or Lori Eichheim with any questions.**

Attachment: Position in Range Merit Matrix Explanation

## Position in Range Merit Matrix

The concept of a position in range and merit matrix is to reward an employee receiving the highest performance rating who is lowest in the range with the largest increase. This moves an employee towards the market policy position quicker and recognizes higher performers.

- Studies show the rewards to top performers should be at least two (2) times higher than average performer increases. A position in range and merit matrix is designed with this concept in mind.

The YELLOW highlighted area in the matrix below is the range of all pay tables from Minimum to Maximum and the current distribution of employee salaries within different percentiles of the ranges.

The matrix can be divided into any number of ways (percentiles, quartiles or by compa ratios). The key is to be consistent from year to year.

The chart below is the current distribution of employees based on September 2013 Evaluation and March 2014 Salary.

Performance				Position in Range (Reoccurring Cost)						
				Minimum						Maximum
				Minimum to 10th Percentile	10th to 25th Percentile	25th to 50th Percentile	50th to 75th Percentile	75th to 90th Percentile	90th Percentile to Max of Range	Over Max
	Distribution of EE's			16.75%	51.37%	22.10%	7.09%	1.46%		0.67%
Performance Rating		Number of EE's	8623	1444	4430	1906	611	126	48	58
Superior (3.5 - 4.0)	4.21%	363		32	166	100	49	8	2	6
Commendable (3.0 - 3.4)	15.85%	1367		137	698	362	119	30	9	12
Competent (2.0 - 2.9)	67.12%	5788		862	3086	1297	397	82	32	32
Improvement / Growth Necessary (1.0 - 1.9)	3.19%	275		59	144	45	19	3	4	1
Unsatisfactory (0 - 0.9)	0.03%	3		0	2	1	0	0	0	0
No Evaluation	9.10%	785		346	310	96	23	3	1	6
On Protected Leave	0.49%	42		8	24	5	4	0	0	1

The BLUE highlighted area in the above matrix is the five performance evaluation ratings used in our Performance Management System along with the distribution of employees based on the evaluation.

The GREEN area in the matrix shows how many employees who would receive an increase in each of the different sections. The actual percentages in each section will be determined after the yearly evaluations are completed and amount of authorized funding.

- An employee receiving a superior rating and salary in the Minimum to 10<sup>th</sup> Percentile (32 employees) would receive the highest percentage increase.
- An employee receiving a superior rating and salary in the 25<sup>th</sup> to 50<sup>th</sup> Percentile could receive a smaller increase as their existing salary is already closer to the market policy position. The market policy position (MPP) for the State of Wyoming is the 50<sup>th</sup> Percentile.
  - Pay increase for employees below the MPP will be base building.
  - Pay increases for employees already above the MPP but below the Maximum will be base building.
  - Pay increases for employees above the maximum with performance evaluations at competent and above will be as an annual bonus. This will not be an ongoing expenditure to the budget.
- The matrix provides flexibility depending on overall costs while still recognizing and rewarding an employee for their performance.

The WHITE area in the matrix shows the employees who would NOT receive an increase bases on either unsatisfactory evaluations or not having an evaluation in the system. The employees on protected leave will be determined on a case by case basis upon their return and will be required to come from the agencies existing budget.